

EXHIBIT 7

HIGHLAND CLAIMANT TRUST

PRIVILEGED & CONFIDENTIAL
RECOMMENDED DUGABOY NOTE CONTRIBUTION
6.27.24

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**HIGHLAND CAPITAL
MANAGEMENT**

HCMLPDT000065



SUMMARY OF BACKGROUND AND RECOMMENDATION

- As has been discussed at several prior meetings, Dugaboy is the Maker and HCMLP is a Payee under a promissory note with a long-dated maturity and annual P&I payments
- The note has a current principal balance of approximately \$18.2 million and has accrued interest of approximately \$0.3 million as of June 30, 2024 and has no restrictions with respect to assignment.
 - The next payment is due December 31, 2024, with \$0.8 million of principal and \$0.6 million of interest due
 - Subsequent payments are due on December 31 of each year - \$0.8 million of principal, plus accrued interest
 - See next slide for amortization schedule
- During 1H 2024, Highland has engaged with numerous parties in an attempt to determine the market for the note and ultimately to assign the note if a willing buyer was prepared to offer reasonable value in exchange
- These efforts (as described in greater detail herein) ultimately proved unsuccessful as neither Dondero parties nor third parties ultimately made any (let alone an attractive) bid for the note
- While the asset lacks a liquid market and carries with it all the stigma and risks associated with its Maker, the note is nevertheless currently performing and has some value
 - However, the time horizon to monetization is long and mismatched with the timing of other remaining assets of HCMLP and the Claimant Trust
- Separately, regarding reserves for indemnification obligations, the Indemnity Trust remains well short of its 9-figure target

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



AMORTIZATION SCHEDULE – PAYMENTS DUE TO HCMLP UNDER NOTE

Beginning principal owed to HCMLP	18,174,937			
Interest rate (fixed)	3.26%			
WAL (years)	10.48			
Amortization schedule				
	Beg prin	Principal	Interest	End prin
12/31/2023				18,174,937
12/31/2024	18,174,937	(790,215)	(594,126)	17,384,722
12/31/2025	17,384,722	(790,215)	(566,742)	16,594,507
12/31/2026	16,594,507	(790,215)	(540,981)	15,804,293
12/31/2027	15,804,293	(790,215)	(515,220)	15,014,078
12/31/2028	15,014,078	(790,215)	(490,800)	14,223,863
12/31/2029	14,223,863	(790,215)	(463,698)	13,433,649
12/31/2030	13,433,649	(790,215)	(437,937)	12,643,434
12/31/2031	12,643,434	(790,215)	(412,176)	11,853,220
12/31/2032	11,853,220	(790,215)	(387,474)	11,063,005
12/31/2033	11,063,005	(790,215)	(360,654)	10,272,790
12/31/2034	10,272,790	(790,215)	(334,893)	9,482,576
12/31/2035	9,482,576	(790,215)	(309,132)	8,692,361
12/31/2036	8,692,361	(790,215)	(284,147)	7,902,146
12/31/2037	7,902,146	(790,215)	(257,610)	7,111,932
12/31/2038	7,111,932	(790,215)	(231,849)	6,321,717
12/31/2039	6,321,717	(790,215)	(206,088)	5,531,502
12/31/2040	5,531,502	(790,215)	(180,821)	4,741,288
12/31/2041	4,741,288	(790,215)	(154,566)	3,951,073
12/31/2042	3,951,073	(790,215)	(128,805)	3,160,858
12/31/2043	3,160,858	(790,215)	(103,044)	2,370,644
12/31/2044	2,370,644	(790,215)	(77,495)	1,580,429
12/31/2045	1,580,429	(790,215)	(51,522)	790,215
12/31/2046	790,215	(790,215)	(25,761)	(0)
		(18,174,937)	(7,115,540)	
Total Principal & Interest if paid current through maturity			25,290,477	



SUMMARY OF OUTREACH EFFORTS

Potential buyer	Person contacted	Title	Initial date contacted	Information/materials provided	Responses
Riva Ridge Capital Management	Stephen Golden	Founding Partner/PM	2/27/24	Over telephone, discussed information in HCMLP-prepared materials and the opportunity	Asked questions regarding the counter-party; rejected receipt of the materials; no interest at all; “life’s too short”; actually laughed; stated that while the note was performing, that was for now; in his view the note was an invitation to litigate
Cyrus Capital Partners	Svetoslav Nikov	Partner/Analyst	2/27/24	Over telephone, discussed information in HCMLP materials and the opportunity	Very quick no; no interest in the materials; believes owning the note is asymmetric risk to the downside – if it pays back, a modest return for the risk; if it defaults, your investors will want to know why you would voluntarily become a creditor to Dondero. Compared the opportunity to the chance to lend money to Phil Falcone. Once again said “life’s too short to be a creditor of Dondero”
Carriodade Capital Management	Dan Gropper	Managing Partner/CIO	2/23/24	Initial email mentioning note; lunch meeting with Gropper and head of research Andy Taylor on 2/29/24; reviewed materials at lunch meeting	Gropper and Taylor quickly expressed no interest in the note; upside vs. downside skewed (far too much downside); even if the upside was better balanced, the likelihood of litigation over such a small note made the investment unattractive (even if you got costs of collection); asset transfers out of Maker also a concern; Gropper and Taylor did not want to keep the materials
UBS	Nader Attalla	Structured Credit Trading; responsible for day-to-day management of UBS actions against Dondero	2/23/24	Initial email mentioning note; follow-up call and emailing of “teaser”	Two calls in March and early April; he has been too busy to focus on it; troubled by the fact that it does not cross-default with other Dugaboy obligations; while UBS is suing Dondero and Dugaboy on other obligations torts, making this note potentially useful at the right price, UBS ultimately did not have a bid
Bardin Hill Investment Partners	Pratik Desai	Partner/PM	6/7/24	Initial email with “teaser” and requesting follow-up call	30 minute call on June 10, 2024; reviewed teaser with Desai; questions regarding background of note; why it had not been accelerated; payment history; terms; Dugaboy’s assets and liabilities; payback period at various discounts; ultimately would require a material discount to 50% soft offer; asked about lending against the note and/or other Claimant Trust assets with material haircuts. Bardin Hill would not be interested in being a direct counterpart to Dondero especially if that was their only recourse; Bardin Hill would consider ways to lend against the note or other assets if the Claimant Trust was in need of \$10-\$20 million of liquidity
NexPoint/affiliates	Matt McGraner & DC Sauter	CIO General Counsel	5/16/24	Email with description of note; Indicated nonbinding offer price of \$12M, subject to approval of Oversight Board	DC Sauter responded via email of 5/22/24 that they were not currently interested in the terms outlined. If the terms change, they would be interested in taking another look. They did not have a bid of their own.



VALUATION AND DISCLOSURE DISCUSSION

Figure 1 consists of four panels, (a), (b), (c), and (d), each showing a black bar and a white bar. The black bars represent the mean number of infected individuals, and the white bars represent the variance. In all panels, the black bar is consistently longer than the white bar. Panel (a) shows the highest mean and variance, while panel (d) shows the lowest. The panels are arranged vertically from top to bottom.

- Based on these and other factors considered, we believe the actual fair value of the note for a non-Dondero-related buyer is approximately **\$3.9** million or **21.5%** of the current par value outstanding

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